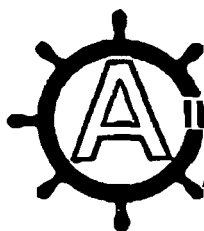


279706

**Allied Transportation
Company**

A Subsidiary of Allied Marine Industries

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30 April 2004

Docket Management Facility
(USCG-2003-14472/MARAD-2003-15171
U.S. Department of Transportation
Room PL-401
400 Seventh Street, N.W.
Washington, D.C. 20590-0001

USCG-2003-14472-15
MARAD-2003-15171-13

2004 MAY -3 A 8:33

DEPT. OF TRANSPORTATION
DOCKETS

**Subj: Joint Notice of Proposed Rulemaking
USCG-2003-14472, and
Docket No, MARAD-2003-15171**

I am writing on behalf of Allied Transportation Company (ATC) and affiliated companies. ATC is a privately held corporation engaged in the transportation of liquid and bulk commodities by barge since its inception in 1956. We are a U.S. Flag and "Jones Act" vessel owner and operator. Today our marine fleet consists of twenty-six vessels, broken down as follows:

- 1) thirteen U.S. Flag **tank barges** ranging in dead weight tonnage capacity of 1,500 to 23,000 tons
- 2) five U.S. Flag **dry cargo barges** ranging in dead weight tonnage capacity of 12,000 to 18,000 tons, and lastly
- 3) eight U. S. Flag **tugboats** ranging from 1,800 to 8,000 H.P.

We primarily transport liquid chemical products (sodium hydroxide, phenol, cumene, styrene and cyclohexane); and dry bulk products (unrefined cane sugar, grains and steel products) along the Gulf Coast, East Coast and the Caribbean by barge.

We are deeply concerned over the real or potential use of the current lease financing rules as a vehicle for non-U.S. citizens to operate or control U.S. Flag vessels in the domestic "Jones Act" trades. We congratulate the Coast Guard and MARAD for the enumerated rulemaking which we believe will go a long way in closing potential loopholes in the current lease finance rules.



Member of The American Waterways Operators

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Although ATC is a relatively small coastwise barge operator, we have nonetheless committed in excess of eighty-six million (\$86,000,000.00) dollars in capital construction since 1990. This figure demonstrates our commitment to compliance with the Oil Pollution Act of 1990 as well as to environmental safety in U.S. navigable waters. We made this investment with the relative reassurance that our cabotage laws mandating U.S. owned, U.S. built, and U.S. crewed would be preserved. Since we are a coastwise operator, our primary competition is coastwise tankers. We trust the Coast Guard and MARAD to encourage and enforce a level playing field for the domestic "Jones Act" trades. Without such assurances, it is doubtful that this company would have committed the level of capital expenditure for new construction and/or modification of marine equipment that we have committed.

ATC is a member of The American Waterways Operators (AWO). We fully support and espouse the comments submitted to this docket by AWO and the Maritime Cabotage Task Force (MCTF). Three points made by these two organizations are worth restating.

First, the final rule should provide a time-limited grandfather clause for any and all vessels documented under the lease financing (charter-back) provisions. We support the three year limit as proposed by the AWO.

Second, the rule should restrict the charter-back agreements to only those for the purpose of proprietary cargo carriage. This action would lessen the likelihood of foreign citizens controlling U.S. Flag domestic marine equipment.

Lastly, all future applications for documentation dealing with charter-back agreements, or where citizenship issues are present, should become an open process where public notice and comment are standard procedure.

We appreciate the Agencies action on February 4th, 2004 to correct certain provisions within the lease financing rules that permitted foreign control of U.S. Flag vessels. However, more can and should be done and we urge adoption of the recommendations raised by AWO.

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We welcome the opportunity to submit comments to the Joint Notice of Proposed Rulemaking.

Sincerely,



W. Bruce Law
Executive Vice President

Copy to: Jennifer Carpenter – American Waterways Operators